

Third Edition



modern auditing

Graham W. Cosserrat and Neil Rodda

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At the beginning of the text are four chapters setting out the audit environment dealing with the role and organization of the accounting profession in the context of auditing, the nature and purpose of financial statement audits, an explanation of the nature and significance of ethical responsibilities in meeting professional expectations and a discussion as to the legal responsibility of auditors to those relying on their services.

The basic techniques of planning and performing the audit are explained in Chapters 5 to 9. Their application to major transaction classes and account balances and the issue of the auditors' report is then described in Chapters 10 to 15. This aspect of the audit process is developed in a logical and consistent fashion explaining the implications of risk assessment in developing the audit strategy and the relevance of assertions in identifying the applicable audit objectives.

The final two chapters, 16 and 17, look to the impact of IT and e-Commerce and identify issues likely to be of concern to the next generation of auditors.

At the time of writing the practice and regulation of auditing was undergoing a period of substantial development and change. This includes:

- developments in corporate and enterprise governance;
- revision of ISAs as part of the IAASB's 'Clarity Project';
- development of standards relating to assurance engagements (other than audit) as well as for other audit related and nonassurance services;
- the phased introduction of the UK Companies Act 2006 commencing in 2007 through to October 2008;
- the EU Statutory Audit Directive (revised 8th Company Law);
- developments in 'audit quality'.

This text reflects these developments so far as their outcome can be reasonably anticipated in order to ensure that it reflects the current state of auditing at the time of publication. However, readers are expected to be aware of these developments and to amend their understanding of auditing by reference to developments after the date of publication. In particular, it should be noted that the IAASB project on revision of the reporting standard is incomplete. The text therefore assumes that the UK standard will continue to apply as at the date of publication. Readers should be aware that this is likely to be replaced by a revised International Standard on Auditing during the currency of this text.

Particular Features of This Text

- A glossary introducing technical terms used in auditing standards and throughout the text, as a ready means of reference by students.
- At the start of each chapter:
 - an overview of the chapter contents;
 - learning objectives applicable to that chapter;
 - international professional statements on auditing and accounting relevant to the chapter.
- Within each chapter:
 - learning checks at the end of each section to identify and reinforce the key issues, ideal for reviewing chapter content and for revision.